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Message Text

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PAGE 01 BOGOTA 04320 252146 Z

73
ACTION XMB-07

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 L-03 SCEM-02 RSR-01 /091 W
---------- 043384
P R 251943 Z MAY 73
FM AMEMBASSY BOGOTA
TO SECSTATE PRIORITY 7638
INFO USDOC
AMCONSUL CALI
AMCONSUL MEDELLIN

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E. O. 11652: N/ A
TAGS: EFIN, CO
SUBJECT: THERMO CARTAGENA

REF: BOGOTA 4253

FOR EXIMBANK/ DON BOSTWICK

1. I BELIEVE THAT EITHER GENERAL ELECTRIC OR WESTINGHOUSE IS IN EXCELLENT POSITION TO WIN PENDING AWARD FOR US$30 MILLION DOLLAR THERMO- ELECTRIC GENERATING PLANT CALLED THERMO- CARTAGENA. WE REGOCNIZE THAT EXIMBANK HAS MADE AN INTERESTING FINANCIAL OFFER, BUT IT IS CLEAR THAT THE BUYER IS CONCERNED ABOUT HIS CASH- FLOW POSITION, PARTICULARLY IN THE EARLY YEARS OF THE REPAYMENT SCHEDULE.

2. YESTERDAY, THE BUYER, JACOBO ACOSTA, MANAGER OF CORPORACION ELECTRICA DE LA COSTA ATALANTICA (CORELCA) TOLD COMATT THAT 15 YEARS FOR A DEVELOPING COUNTRY ON PROJECT THIS SIZE IS QUOTE VERY, VERY HARD UNQUOTE. ACOSTA SEEMED EXTREMELY INTERESTED IN TWO US PROPOSALS, BUT HE SAID THAT FINANCING MIGHT BE DECISIVE. HE MENTIONED THAT GERMANS WERE OFFERING QUOTE 20 TO 25 YEARS
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PAGE 02 BOGOTA 04320 252146 Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

AT 4 OR 5 PERCENT UNQUOTE. HE ADDED THAT THE BLENDED INTEREST RATE ON THE US FINANCING WAS ABOUT 7 PERCENT, WHICH HE SEEMED TO THINK WAS NOT BAD BUT NOT TERRIBLY GOOD EITHER.

3. IT IS POSSIBLE THAT, IF AS WE SUSPECT, THE US IS IN THE FAVORED POSITION ON A TECHNICAL AND PRICE BASIS, THE USA MIGHT WIN THE AWARD EVEN WITH EXIMBANK' S PRESENT OFER. WITH SO MUCH AT STAKE, HOWEVER-- SOME 7- $30 MILLION DOLLARS WITH ALL THAT THIS IMPLIES
FOR US EMPLOYMENT AND THE US BALANCE OF PAYMENTS, NOT TO MENTION OUR EFFORTS TO REVERSE A FAILING MARKET SHARE IN COLOMBIA -- WORLDLY WISDOM DICTATES THAT WE TAKE OUT THIS FINAL INSURANCE BY MAKING EVERY CONCEIVABLE EFFORT TO OFFER THE BUYER THE 18 YEARS HE REQUESTED.

4. I BELIEVE THAT REPRESENTATIVES FROM WESTINGHOUSE AND GENERAL ELECTRIC WILL BE CALLING ON YOU IN THE NEXT FEW DAYS TO GIVE YOU FIRST- HAND THE SENSE OF THEIR URGENT NEED FOR SOFTER TERMS, IN WHICH I CONCUR COMPLETELY.
SACCIO

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a
*** Current Classification *** LIMITED OFFICIAL USE

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: golinofr
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Disposition Reason:
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